

Message Text

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ACTION EB-07

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SUBJ: IRANIAN--SENEGALESE PETROCHEMICAL PROJECT.

REF: A. DAKAR 4260, 29 JUL 74

B. DKR 0733

C. TEHRAN 2282

COMMERCE FOR MEPD

1. SUMMARY: IRAN AND SENEGAL ARE MOVING AHEAD ON PROJECT TO ESTABLISH PETROCHEMICAL COMPLEX AT KAYAR, SENEGAL TO REFINER IRANIAN CRUDE OIL. AMERICAN FIRM ARTHUR D.LITTLE HAS PREPARED FEASIBILITY STUDY ON PROJECT FOR IRANIANS AND SENEGALESE. INCLUDED IN LARGER KAYAR PROJECT IN ADDITION TO PETROCHEMICAL COMPLEX ARE EXPLOITATION OF NEW SENEGALESE PHOSPHATE DEPOSIT AND CONSTRUCTION OF MINERAL/PETROLEUM PORT. END SUMMARY.

2. IRAN AND SENEGAL, SPECIFICALLY NATIONAL IRANIAN OIL CO.

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(NIOC) AND SENEGALESE REFINERY AND PETROCHEMICAL

CO. (SOSERAP), SIGNED DOCS ON MAY 5 ESTABLISHING IRANIAN-SENEGALESE PETROLEUM AND MINERAL CO. (IRASENCO). WHILE JOINT VENTURE FIRM HAS INITIAL CAPITAL OF ONLY 100 MILLION CFA (\$500,000) DIVIDED EQUALLY BETWEEN NIOC AND SOSERAP, PROJECT CARRIES TOTAL INVESTMENT FIG. OF \$250 MILLION. AGREEMENT FINALIZED DURING VISIT TO SENEGAL OF DR REZA FALLAH, ASST. DIRGEN OF NIOC, FOLLOWED EXCHANGE OF VISITS BY IRANIAN AND SENEGALESE PRIMINS, AND PROBABLY IS RESULT ALSO OF GROWING FRIENDSHIP BETWEEN SHAH AND PRESIDENT SENGHOR.

3. FIRST PHASE OF PROJECT CALLS FOR PETROCHEMICAL COMPLEX TO PROCESS 3 MILLION TONS OF HEAVY IRANIAN CRUDE PER YEAR. COMPLEX WILL PRODUCE ASPHALT, DIESEL AND BUNKER FUEL, GASOLINE, AND OTHER PRODUCTS FOR LOCAL AND NEIGHBORING MARKETS AS WELL AS FOR EXPORT. ALSO IN PHASE ONE IS EXPLOITATION OF NEW TOBENE PHOSPHATE DEPOSIT NEAR KAYAR. PHOSPAHATE WILL BE SHIPPED TO IRAN FOR PROCESSING. NEW MINERAL/PETROLEUM PORT WILL BE BUILT NEAR KAYAR TO HANDLE PETROLEUM AND PHOSPHATE SHIPPING. TOBENE PHOSPHATE DEPOSIT IS 9 MILES FOR CURRENTLY EXPLOITED TAIBA DEPOSIT AND IS ACTUALLY AN EXTENSION OF SAME DEPOSIT. PRICE TAG GIVEN FOR PHASE ONE INVESTMENTS IS \$250 MILLION. SENEGALESE HOPE 4,000 JOBS WILL BE CREATED. FALLAH INDICATED HE HOPED TO BREAK GROUND IN MID-SEPT. 75.

4. PHASE TWO DETAILS UNAVAILABLE BUT LOCAL PRESS REPORTS THAT COMPLEX WILL BE EXPANDED AND IRASENCO WILL ALSO MOVE INTO NEW AREAS. FIRM WILL USE ITS OWN TANKERS TO TRANSPORT RAW MATERIALS. ALSO REPORTED THAT NEW FIRM WILL LATER MOVE INTO PETROLEUM RETAILING BY PURCHASING 51 PC IN FOREIGN OIL DISTRIBUTORS AND WILL IN TIME BE GIVEN MONOPOLY ON PETROLEUM DISTRIBUTION.

5. PROJECT TO BE FINANCED PRINCIPALLY BY IRAN ALTHOUGH OTHER AID DONORS (IBRD, UNDP) MAY BECOME INVOLVED. FALLAH TOLD SENEGALESE PRESS THAT THIS IS FIRST SUCH INTEGRATED PROJECT IN WHICH IRAN HAS BECOME INVOLVED ABROAD.

6. IN VIEW OF PARA FOUR ABOVE, EMBASSY IS CONSULTING LIMITED OFFICIAL USE

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WITH AMERICAN PETROLEUM MARKETING FIRMS CURRENTLY IN SENEGAL (EXXON, MOBIL, AND TEXACO) TO DETERMINE WHAT EFFECT IRANIAN-SENEGALESE GOVT ENTRY INTO PETROLEUM MARKETING WOULD HAVE ON THEIR OPERATIONS.

7. AMERICAN FIRM, ARTHUR D. LITTLE PREPARED FEASIBILITY STUDY ON PROJECT FOR TWO GOVTS. JAMES W. BRADLEY OF ADL'S CAMBRIDGE MASS, OFFICE WAS PROJECT MGR FOR

STUDY. SUGGEST COMMERCE MAY WISH TO ATTEMPT OBTAIN FURTHER DETAILS FROM THAT SOURCE. EMBASSY HOPES AMERICAN FIRMS WOULD BE INTERESTED IN BOTH DESIGN AND CONSTRUCTION OF VARIOUS PARTS OF PROJECT. SOROS HAS INDICATED INTEREST IN DESIGN WORK FOR PORT (REF B). IN VIEW OF AMERICAN EXPERIENCE IN IRAN AND ADL INVOLVEMENT IN FEASIBILITY STUDY, US FIRMS' CHANCES FOR INVOLVEMENT SHOULD BE GOOD.

8. KEY WORKING LEVEL PEOPLE ON PROJECT IN SENEGAL AT PRESENT TIME ARE DIARAF DIOUF, FORMER GOS MIN OF PUBLIC WORKS WHO WILL BECOME ADMINISTRATOR OF IRASENCO; ABDOULAYE DIAW, TECHNICAL DIRECTOR OF SOSERAP; AND JOSEPH GOLAN, WHOSE INVOLVEMENT IN KAYAR PROJECTS DATES FROM VERY BEGINNING AND WHO IS AN ADVISOR TO PRESIDENT SENGHOR. AGGREY

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